

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3358

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E.O. 11652: N/A

TAGS: ETRD FR

SUBJECT: GOF MEMORANDUM ON U.S. PHOSPHATE FERTILIZER
EXPORTS.

1. DIRECTOR OF FOREIGN ECONOMIC RELATIONS, MINISTRY
OF FOREIGN TRADE, BERTRAND LARRERA DE MOREL REQUESTED
EMBOFF TO CALL JULY 27 AND PRESENTED HIM WITH MEMO-
RANDUM COMPLAINING OF DISCRIMINATORY PRACTICES BY
AMERICAN PRODUCERS OF PHOSPHATE. IT IS ALLEGED THAT
U.S. PRODUCERS DELIVER RAW MATERIALS TO AMERICAN
PROCESSORS AT PRICES 50 PERCENT BELOW THE PRICE CHARGED
TO FRENCH PROCESSORS. EMBOFF PROMISED TO TRANSMIT THE
MEMORANDUM BUT SUGGESTED THAT DATA ARE NEEDED ABOUT
SOURCES OF SUPPLY, MARKET PRICES AND INDUSTRIAL
STRUCTURE AND THAT WE WOULD WANT TO HAVE A WORKING
LEVEL MEETING WITH HIS STAFF TO EXAMINE THE QUESTION IN
GREATER DETAIL. DE MOREL AGREED TO THIS.

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2. THERE FOLLOWS AN INFORMAL EMBASSY TRANSLATION

OF THE GOF MEMORANDUM. ORIGINAL BEING POUCHED TO
EB/ITP/OT: BEGIN QUOTE: MEMORANDUM ON COMMERCIAL
POLICY OF THE U.S. IN THE AREA OF PHOSPHATE FERTILIZER.

THE RECENT EVOLUTION OF IMPORTS OF AMERICAN
FERTILIZERS IS CAUSING A SERIOUS THREAT TO FRENCH
INDUSTRY IN A SECTOR ESSENTIAL FOR SUPPLYING AGRICUL-
TURE.

IN FACT, IF ONE OBSERVES ON THE AMERICAN DOMESTIC
MARKET THE PRICE AT WHICH PHOSPHATE ROCK IS DELIVERED
TO PROCESSING INDUSTRIES, ONE SEES THAT THESE PRICES
ARE MORE THAN 50 PERCENT BELOW THOSE WHICH ARE CURRENT
FOR SALES TO FRENCH FERTILIZER PRODUCERS. THIS
DISCRIMINATION IN THE PRICES CHARGED FALSIFIES THE
NORMAL PLAY OF COMPETITION AND PREVENTS FRENCH INDUSTRY
FROM MANUFACTURING FERTILIZER AT A COMPETITIVE COST.

FACED WITH SUCH A DIFFERENCE IN PRICES, DUE NOT
TO A BETTER PRODUCTIVITY OF AMERICAN FACTORIES
BUT TO DISCRIMINATORY CONDITIONS OF SUPPLY WHICH THE
FRENCH PRODUCERS HAVE NO WAY OF MEETING, THE LATTER
FIND THEMSELVES FORCED TO CLOSE FACTORIES AND TO
DISCHARGE THEIR PERSONNEL.

THIS SITUATION IF CONTINUED WILL LEAD TO A
BREAK-UP OF THE FRENCH FERTILIZER INDUSTRY WHILE ITS
COMPETITIVENESS SEEMS COMPROMISED ONLY BY THE ABNORMAL
PRACTICES OF WHICH IT IS A VICTIM.

THE FRENCH GOVERNMENT DESIRES THAT THE AMERICAN
GOVERNMENT TAKE APPROPRIATE MEASURES TO PUT AN END TO
THIS SITUATION AND IT RESERVES THE RIGHT TO TAKE
NECESSARY ACTION TO LIMIT THE CONSEQUENCES FOR
ITS INDUSTRY. END QUOTE.
GAMMON

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